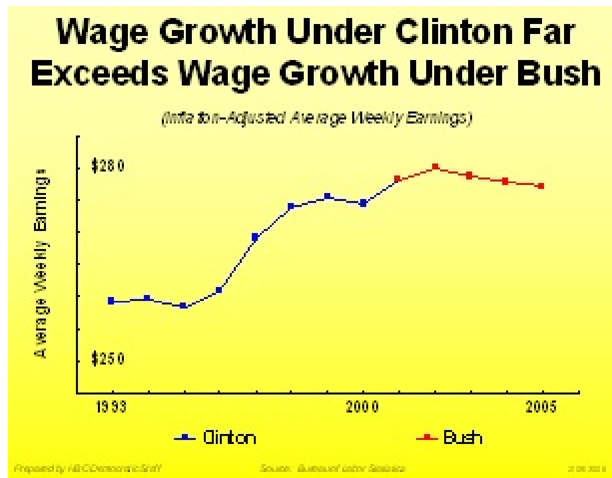
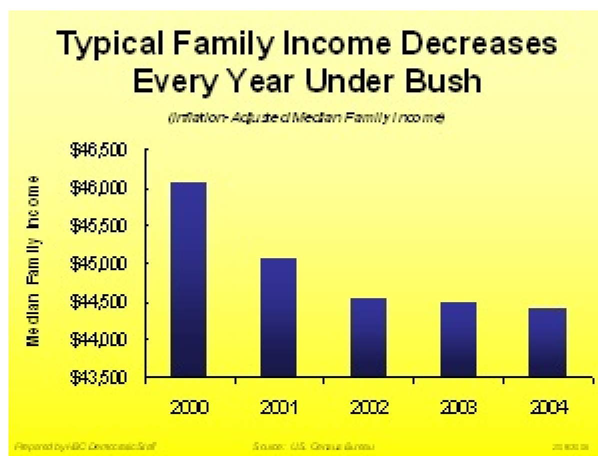
Economy

The Economy Under President Bush Is Still Soft on Job Creation — President Bush's claims that the economy has produced outstanding employment growth are unfounded. In fact, his Administration's record on job creation in the first term is the weakest of any President since Herbert Hoover. Most of the job growth that has occurred under the President's tenure has been from the public sector; private sector job growth has been weak over the past five years. Since January 2001, just 1,054,000 private sector jobs have been created, an increase of less than one percent. This growth rate is far below the expected rate during an economic expansion.

Stagnant Earnings Reveal No Improvement for Workers — After adjusting for inflation, worker earnings have remained stagnant over the past five years. Since January 2001, real average weekly earnings have increased by less by one percent for private sector workers, reversing a steady trend of gains by workers prior to January 2001. In the five years before President Bush assumed office, real average weekly earnings increased by nearly 8 percent – indicating that the rate of growth in the latter years of the Clinton Administration was nearly ten times the rate of growth under President Bush.



President Bush's Economic Policies Have Hurt the Typical American Family — The typical American family has experienced a decline in real income over the Bush Administration, meaning it has less purchasing power today than in January 2001. Median income, adjusted for inflation, fell in 2001, 2002, 2003, and 2004 (the most recent data available). The real median income level in 2004 stood 3.6 percent below its level in 2000, a decline of $1,669 per family. This budget presents no efforts to reverse this trend.



Tax Cuts Are Not Responsible for Economic Growth, as the Administration Claims — The Administration has consistently claimed that its tax cut agenda is responsible for the arguably positive economic environment. However, economic growth since the implementation of the tax cuts has failed to match CBO's estimate of economic growth *without* the tax cuts, and wages and income have remained stagnant. Also, real business investment – which tax cuts supposedly stimulate – lags even farther behind its usual recovery pace. Since the economy last peaked in early 2001, real business investment has risen only 9.4 percent, far less than the growth averaged in preceding business cycles. Moreover, academic evidence – including studies by CBO, the Brookings-Urban Tax Policy Center, and the Congressional Research Service – shows that tax cuts, when financed by additional borrowing (as they are currently), lead to depressed economic growth over time. While the Administration argues over whether its tax agenda has stimulated economic growth, it is clear that the tax cuts have depressed revenue and deteriorated the budget outlook.